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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 000275

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TAGS: [PGOV](#) [TW](#)

SUBJECT: KMT VICE-CHAIRMAN JOHN KUAN ON KMT POLITICS, MA
YING-JEOU

REF: A. TAIPEI 0028

[1](#)B. TAIPEI 0216

[1](#)C. TAIPEI 0257

Classified By: Acting Director Robert S. Wang,
Reason(s): 1.4 (B/D).

[1](#)1. (C) Summary: The Kuomintang (KMT) expected to win the Kaohsiung mayoral race, and attributes the loss to underhanded DPP tactics on the eve of the election. Some KMT view the loss as a blessing, however, because it revealed that KMT Chairman Ma Ying-jeou's personal charisma isn't enough to win every election. After stepping down as Taipei mayor, Ma has spent most of his time working the political grassroots. He does not intend to change the party name to the "Taiwan KMT," and is not planning to alter current KMT cross-Strait policy. Ma currently has no serious competition for the KMT's 2008 presidential nomination, but his run would be complicated if he is indicted for misuse of mayoral office funds. The KMT will continue to hold the annual budget hostage to force a DPP compromise on the Central Election Commission. End Summary.

Kaohsiung Loss a Blessing in Disguise

[1](#)2. (C) The Deputy Director met with KMT Vice-Chairman and party strategist John Kuan (Kuan Chung) on January 29 to discuss the current state of KMT politics. Noting that the KMT had never doubted it would win the Taipei mayoral race, Kuan acknowledged that the party also expected to win the Kaohsiung mayoralty, though by a much smaller margin. The DPP caused the KMT loss by manufacturing vote-buying accusations against the KMT candidate in the last few days before the election, Kuan charged, and "humiliated" the KMT leadership. In the weeks since the election loss however, party leaders have come to see the Kaohsiung defeat as a blessing in disguise. The KMT electoral machinery had become complacent, he explained, relying too much on KMT Chairman Ma Ying-jeou's popularity and prestige to win races. Losing Kaohsiung revealed that Ma's popularity has its limits, especially in the south, and that the KMT will have to do much more to ensure victory in 2008. At the same time, he continued, the KMT lost in Kaohsiung by only about 1,200 votes, or 0.12 percent of the total vote. This is proof that the KMT has gained considerable ground in the south, Kuan

maintained, since the KMT lost the 2004 presidential and legislative elections in Kaohsiung by more than 100,000 votes.

Ma Busy Growing the Grassroots

¶3. (C) Kuan told the Deputy Director that since stepping down as Taipei mayor on December 25, Chairman Ma has spent most of his time cultivating the party's grassroots, in particular meeting with city-level party officials island-wide. Voters in the south are "emotional," Kuan explained, and candidates must prove to be "one of them" before they can expect to receive their votes. (Note: Kuan interjected that Ma had made 18 visits to Kaohsiung in the last three weeks before the election, but it had not been enough to win the majority over to the KMT. End note.) After the Lunar New Year holiday (February 19-22), Kuan said, Ma will concentrate on meeting with party leaders in Taiwan's more rural areas. Ma is even considering moving to Kaohsiung in the near future, to become more familiar with and accessible to voters in the south.

Possibility of Indictment Still Looms Large

¶4. (C) Ma and others in the KMT are taking seriously the possibility that Ma could be indicted for allegedly misusing his Taipei mayoral office expense accounts (see ref A). Kuan insisted Ma would honor his promise to step down as chairman if indicted, but would not necessarily give up on running for president. Ma is proud of his reputation for integrity and has been deeply hurt by these accusations, Kuan continued, but if he succeeds in clearing his name in time, he intends to stand for the party's presidential nomination. The

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consensus within the KMT, Kuan stressed, is that Ma is the only KMT candidate capable of bridging the Mainlander-Taiwanese gap, and is therefore the best candidate to represent the party. Although LY Speaker Wang Jin-pyng and others may appear capable of challenging Ma for the nomination, Kuan confided, no one, including Wang, has the power base or the financial resources to pull it off.

Allies but not Friends

¶5. (C) The relationship between Ma and Wang continues to be poor, Kuan acknowledged. Realizing that Ma does not want him as a vice-presidential running mate, Wang has resorted to taking positions at variance with Ma in order to demonstrate to Ma his usefulness and importance to the party. Kuan would not rule out Ma offering Wang the vice-presidential spot, since the two men "don't need to like each other to cooperate." Kuan added two caveats: that "forming a presidential ticket is more chemistry than mathematics" and that the Ma-Wang relationship was unlikely to improve as the presidential election comes nearer. Wang would also have second thoughts about giving up the power he holds as LY president to accept the relatively powerless vice-presidential position.

No Change in Party Name, Cross-Strait Agenda

¶6. (C) Kuan told the Deputy Director that the recent furor over Ma's supposed intention to change the party's name to "Taiwan KMT" had been misplaced. According to Kuan, Ma was just vague in responding to a question about whether the KMT should change its name to "Taiwan KMT" to strengthen its connections to Taiwan. In his reply, Ma suggested the proposed change could be considered alongside other options. Kuan insisted that Ma has never seriously considered changing the name of the party, and the issue has since died down within the party.

17. (C) Ma also has no plans to deviate from Lien's cross-Strait agenda (see ref C). The PRC doesn't trust the Chen administration, but does trust the KMT to some extent, which opens possibilities for improving cross-Strait relations. If and when the KMT returns to power, Kuan said, it will acknowledge the "'92 Consensus" but will also push to increase Taiwan's "international living space." The Taiwan people, he said want to be represented and to participate in international organizations, which the KMT will try to fulfill. KMT leaders are optimistic that once in power, they will be able to negotiate with Beijing access to international organizations, and to preserve their current number of diplomatic allies. PRC leaders will have no choice but to make concessions, Kuan explained, otherwise, there will be no way for the KMT to convince the Taiwan public to support closer ties with China. What about military procurement from the U.S., asked the Deputy Director, would that continue? Kuan insisted that PRC objections to U.S.-Taiwan arms procurement deals were merely pro forma, and that China had no reason to object as long as it continued to build up its military capability against Taiwan.

Holding the Budget Hostage

18. (C) Kuan told the Deputy Director that the LY failed to reach a compromise on the annual budget because the DPP refused to relinquish political control of the Central Election Commission (CEC) (see ref B). The opposition KMT only has one bargaining chip, Kuan argued, and that is to hold the annual budget process hostage until the DPP agrees to restructure the CEC according to party representation in the LY. Voters might blame the KMT for being obstructionist, Kuan acknowledged, but the DPP also looks bad for refusing to "democratize" the CEC. Kuan made it clear that the KMT intends to continue blocking the annual budget, including the long-stalled U.S. arms procurement package, until the DPP blinks on the CEC issue.

Neutralizing the PFP

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19. (C) Kuan told the Deputy Director that before the December 2006 mayoral contests in Taipei and Kaohsiung, KMT Honorary Chairman Lien Chan "pushed" Ma to settle differences with PFP Chairman and then-Taipei mayoral candidate James Soong. Lien advocated a KMT-PFP alliance to bring back into the KMT fold those 15 or so PFP legislators who might cause problems for the KMT in the December 2007 legislative elections. Ma and Soong agreed to develop a mechanism to jointly nominate PFP and KMT candidates for legislative seats; however, Kuan revealed, the KMT will agree to replace no more than five KMT candidates with PFP nominees. Soong knows his party is very close to collapse, Kuan noted, which explains why his latest remarks about cooperation have been increasingly "friendly" to the KMT.

WANG